

City of Cincinnati



Date: June 21, 2010

To: Mayor and Members of Council

From: Milton Dohoney, Jr., City Manager *MD*

Subject: Cincinnati Streetcar Project Update – June 2010

The purpose of this memo is to provide an update on the progress of the Cincinnati Streetcar project. As this report is the first of what is intended to be a series of monthly updates to City Council, additional background on the project and efforts to date is included.

Project Background

The City of Cincinnati has identified streetcar transit as an essential tool for creating jobs, leveraging and attracting private investment, spurring redevelopment, improving accessibility and intermodal connectivity, and forging a new, sustainable path for community growth.

In 2007, the City engaged HDR Engineering, Inc. (HDR) to conduct a feasibility study to:

- Identify and evaluate potential streetcar transit corridors and technologies;
- Assess major engineering impacts related to traffic, parking, and utilities;
- Estimate transportation and economic development benefits;
- Develop preliminary capital and operating cost estimates;
- Identify a set of financing and implementation options.

HDR applied national streetcar transit planning resources and drew on the expertise of staff from PB Americas (PB) as well. The feasibility study also included a Stakeholder Working Group (SWG) consisting of individuals and representatives of key groups who have a vested interest in the project that provided guidance and comment on the screening of alternative alignments and study recommendations.

As part of the study, HDR identified a set of guidelines, which included a focus on both “connecting the maximum number of existing destinations efficiently” and “uncorking the most development potential” to identify potential streetcar alignments. Based on the guidelines, three candidate alignments were selected for further evaluation. The analysis of these alternative alignments was discussed with the SWG, which ultimately selected the final alignment as seen in Attachment A.

In 2009, the City completed a rigorous qualifications-based selection process and selected Cincinnati Streetcar Development Partners (CSDP), a consortium of 12 companies combining nationally recognized engineering, design, and construction firms. The CSDP includes such notable companies as Parsons Brinckerhoff, HDR Engineering, and Stacy & Witbeck, Inc. as well as local small and minority companies to serve as Project Manager to

design, build, operate, and maintain the Cincinnati Streetcar System. The members of that team are listed in Attachment B. They currently work with City staff as the streetcar project team.

Funding/Financing

The total project cost for the Cincinnati Streetcar is \$128 Million. To date, approximately \$90 million in state and local funding has been identified for the streetcar project. This represents approximately 70% of the total capital project cost and includes the following:

- *\$64 Million in City bonds*
On May 12, Cincinnati City Council approved three ordinances, authorizing the issuance of up to \$64 million in bonds to finance the Cincinnati streetcar project. The bonds will be repaid from City sources, including City capital, Tax Increment Financing (TIF) revenues, and proceeds from the sale of surplus City property at the Blue Ash Airport. The use of TIF proceeds will not affect 3CDC's projects in OTR. The dedicated sources for the bond repayments cannot be used for City services paid for in the general fund such as police officers' salaries, trash collectors, or recreation and pool staff.
- *\$2.6 Million in Duke streetlight sale proceeds*
On May 12, City Council also approved an ordinance appropriating an additional \$2.6 million in funding to continue to advance work on pre-construction activities for the streetcar. This includes continued development of the operating plan and is in addition to the \$775,000 City Council already appropriated for pre-construction activities. This funding was earmarked specifically by City Council for the streetcar project from the proceeds of the sale of City streetlights to Duke Energy in 2009. As part of this transaction with Duke Energy, an additional \$3 million is available to the project through the stipulated settlement agreement included in Duke's 2008 PUCO filing.
- *\$15 Million in Ohio TRAC funding*
On May 13, The Ohio Department of Transportation's Transportation Review Advisory Council (TRAC) finalized its approval of \$15 million in funding for the streetcar. These funds are allocated toward utility relocation costs associated with the streetcar construction. During the scoring phase of this process, the Cincinnati Streetcar scored the highest of any project in the state, and during the public comment period, the project received the third highest number of comments, all of which were positive.
- *\$4 Million in OKI CMAQ funding*
On May 13, OKI approved an award of \$4 Million in Congestion Mitigation/ Air Quality (CMAQ) funding for construction of the streetcar. This award serves as further evidence of the recognition by our regional partners of the importance of the Cincinnati streetcar to the region's multi-modal needs.

Like most major infrastructure projects (e.g. Fort Washington Way, Duke Energy Convention Center), a variety of funding sources must be cobbled together on continuous timelines to complete the project. The City continues to pursue several state and federal funding opportunities for the streetcar project, including:

- *\$25 Million Urban Circulator Grant application*
The City has applied for \$25 million in federal grant money through the Federal Transit Administration's Urban Circulator Grant program. This program is funded with surplus federal transit funds and is specifically geared toward fixed rail urban circulator transit projects. Awards are expected by the end of June 2010.
- *TIGER II*
A final Notice of Funding Availability (NOFA) for the US Department of Transportation's TIGER II Discretionary Grant program was published on June 1. Funded through the FY 2010 Transportation /HUD Appropriations Bill, this program makes approximately \$600 million available for National Infrastructure Investments. The minimum grant award is \$10 million. The application process is a two-part process, with pre-applications due July 16 and the full application due August 23. Under the NOFA, awards will not be made sooner than September 15, and will likely be made in late 2010.
- *TRAC funding*
Applications for the next round of TRAC funding are due July 16 and the City intends to apply for an additional construction funding. A draft list of awards is expected in December 2010.

Environmental Document

The Cincinnati Streetcar will be funded in part with federal funds, requiring compliance with the National Environmental Policy Act (NEPA). Therefore, approval of an Environmental Assessment (EA) document is a critical next step in utilizing the TRAC and OKI funds that have been awarded as well as remaining eligible for current and future federal funding opportunities.

Review and approval of the EA document by the lead federal agency is the next step necessary to complete the NEPA process. The City has received written confirmation from the Federal Transit Administration's (FTA) Region V Administrator that FTA will serve as the lead federal agency for the project in the event the project is awarded funding under the Urban Circulator grant program. At the FTA's request, the draft EA has been submitted to them for review and approval.

As part of the NEPA process, the project must also comply with Section 106 of the National Historic Preservation Act of 1966. A Section 106 review to determine the project's impact on historic properties, conducted by the Ohio Historic Preservation Office (OHPO), must be initiated by the lead federal agency. FTA has authorized the City to begin this process on its behalf and the City has transmitted a Phase I History/Architectural survey for the project conducted by Gray & Pape, Inc. to OHPO. As the project is contained almost entirely within existing right-of-way, it is expected that the streetcar will have little to no impact on historic resources in the project area.

Operating Plan

On May 18, the Southwest Ohio Regional Transit Authority (SORTA) Board of Trustees voted to authorize the transit authority to serve as a partner in developing an operating plan for the streetcar system and, ultimately, to serve as the operator of the Cincinnati streetcar, if

an agreement can be reached. As the region's FTA-eligible recipient, SORTA brings its extensive transit expertise to the project and will be joining our project team to help create an operations plan for the Cincinnati streetcar that ensures the system's long-term sustainability.

SORTA operations staff has joined the City's project team and are participating in weekly project coordination meetings. SORTA will be reviewing the Phase 1 route and proposed stop locations as it relates to existing Metro service routes and stops to help determine how the streetcar will interface with current bus service. In addition, SORTA and the City are in discussions about how SORTA, the area's FTA-eligible funding recipient, can assist as a pass-through for federal transit funds awarded to the project.

SORTA will now work in tandem with HDR, a member of the CSDP team, in developing an operating plan. Work to date has been focused primarily on refining estimates on the operating costs, first identified in the feasibility study. The most recent estimates reflect an annual operating and maintenance cost of approximately \$3 million, a decrease from the \$3.5 million annual operating cost projected in 2007. Operating revenue projections are still under development.

As part of the operations planning, the Streetcar project team has engaged stakeholders from the neighborhoods and organizations representing interests in the Uptown area (around the University of Cincinnati) to discuss the alignment connecting into the Uptown area. A feasibility study evaluating potential alignments for the Uptown Connector was completed in 2009. Prohibitively steep grades on many of the potential alternatives have focused the decision on the alignment "up the hill" to either Vine Street or West Clifton Street. Modern streetcars are generally limited to a maximum grade of 9%. Grades on the alternatives evaluated are as high as 11.9% in some cases. Factors that will help determine the final selection include: the widths of streets and on-street parking impacts, grades of hills and ability of vehicles to traverse both up and down, geotechnical/slide verification and stability and required turns/radii (vertical and horizontal) at the top of each potential route, and cost. The project team has sent technical specifications on Vine and West Clifton to several vehicle manufacturers for review and response to gauge the capabilities of their streetcar vehicles. The results of this will be shared in an upcoming meeting with the stakeholders for their consideration.

Schedule/Construction

Preliminary engineering work for the Cincinnati Streetcar is currently underway. This includes the first phase of surveying utility locations as well as developing the vehicle requirements, engineering concepts to help in the selection of the maintenance facility location, and coordination with project stakeholders (3CDC, The Banks partners, Duke Energy, etc.).

The Phase 1 route is set and is based on the results of the 2007 HDR Feasibility Study. The alignment within the streets comprising this route (location of track within a specific street lane) is being finalized. These efforts are based on engineering requirements, operational coordination with Metro buses, and traffic considerations as well as a desire to avoid costly utility relocations wherever possible. The initial engineering survey of the entire alignment is nearly complete.

Currently, the primary critical path items for the project are utility design and vehicle and rail procurement. The City has executed a contract for design with the design principal of CSDP, Parsons Brinckerhoff and an initial contract for pre-construction work with the construction principal of CSDP, Stacy & Witbeck/Kokosing Construction Co. The project team has been meeting with Duke Energy, Greater Cincinnati Water Works, MSD, and other utilities to identify issues and to coordinate efforts related to relocation of utilities that will be required as part of the project. Field work to verify survey and GIS data related to underground utilities is underway. The first bid packages of Utility Design are anticipated by August 2010, which will allow for utility relocation work to commence by September 2010. The Final Utility Package is anticipated by December 2010 with that work starting January 2011. Currently, the project team is reviewing the possibility of allowing Utility Relocation to begin by mid-August of 2010.

The procurement process for modern streetcar vehicles requires a substantial amount of lead time (12-18 months). The project team is drafting an initial RFP for streetcar vehicles, which is anticipated to be published in Summer 2010. It is anticipated that federal grant agreements will require vehicles to be Buy America compliant. As part of the project planning, the project team has had informal discussions with several potential vehicle manufacturers to evaluate vehicle capabilities, delivery timelines, and technical specifications. These include: United Streetcar/Oregon Iron Works, Siemens, Inekon, Kinkisharyo and Bombardier.

The construction of the streetcar will be performed under a Construction Manager/General Contractor (CM/GC) contract with the construction principal of CSDP, Stacy & Witbeck/Kokosing Construction Co. (SWI/KCC). The contract will be subject to the City's SBE policy, but as construction of the streetcar is expected to be funded at least in part with federal sources, it is expected that the project will instead be required to comply with federal Disadvantaged Business Enterprise (DBE) regulations. SWI/KCC has pledged a strong commitment to DBE contracting as part of the project. Actual DBE goals for the project will be set by the federal grant agencies as part of the grant agreements. Future project updates will include more detail about the DBE goals for the project as these federal grant funds become available.

Economic Development Benefits/ Land Use Planning Efforts

City Council recently passed legislation calling for the establishment of a transit-oriented development zoning classification to help promote and augment the density and development benefits from the streetcar. City Planning staff are working on draft amendments to the City zoning code which the Administration anticipates bringing back to City Council for approval in the fall. The streetcar is more than an urban circulator; it is an economic development engine that brings in additional property tax income to the city from the development of properties along the route and income tax revenue from the jobs created in businesses that open along the route. As such, thoughtful land use planning along the streetcar route is critical to realizing these benefits.

The 2007 feasibility study looked at the economic development benefits of the streetcar and found that they centered in two main areas: 1) redevelopment of current assets within a three-block area of the line itself; and 2) redevelopment of vacant or underutilized lots within a three-block area of the line itself. An economic analysis of the Cincinnati Streetcar performed as part of the 2007 feasibility study estimated a 14-to-1 economic impact to cost ratio for the Cincinnati Streetcar, equating to approximately \$1.4 billion in economic impact

and identified the following economic development benefits:

Redevelopment of current assets:

- Up to 1,135 new housing units
- Average annual value added of \$32 million
- 90 acres of underused property primed for redevelopment

Development of vacant and underutilized lots:

- Up to 7.4 million sq ft of new office/retail space
- Up to an additional 10,700 housing units
- Average annual value added/year of \$112 million
- Potential redevelopment of 92 acres of existing surface parking lots along the route

As the city pursues additional funding, it is important to note that both federal and state funding agencies are placing increased emphasis on land use planning that incorporates livability and the support of walkable urban neighborhoods in making funding decisions. To Cincinnati's credit, 14 different neighborhood and regional studies over the past dozen years have included streetcar, including:

- Conceptual Bus Staging and Light Rail Transit Alternatives (Riverfront Transit Center), 1998
- I-71 Corridor Transportation Study Major Investment Study, 1998
- Eastern Corridor Major Investment Study, 1999
- Central Riverfront Urban Design Master Plan, 2000
- Cincinnati Riverfront Transit Rail Study, 2001
- Central Area Loop Study, 2001
- MetroMoves Regional Transit Plan, 2002
- I-71 Preliminary Engineering/ Draft Environmental Impact Statement (DEIS) Light Rail Transit, Revised 2003
- North South Transportation Initiative (NSTI), 2004
- GO Cincinnati, 2008
- OTR Comprehensive Plan, 2002
- Uptown Transportation Study
- Cincinnati Climate Protection Plan, 2008
- OKI Long Range Plan

This report is provided for informational purposes only. No action by City Council is required.

Cc: Chris Eilerman, City Manager's Office
Michael Moore, Interim Director, Department of Transportation & Engineering

Attachments:

Attachment A – Cincinnati Streetcar Phase I Alignment Map
Attachment B – Cincinnati Streetcar Development Partners

Attachment A: Cincinnati Streetcar Phase I Alignment



Attachment B: Cincinnati Streetcar Development Partners

About Cincinnati Streetcar Development Partners

Cincinnati Streetcar Development Partners will work in partnership with the City of Cincinnati to finance, plan, design, construct, operate and maintain the Cincinnati Streetcar system. Here are the primary companies that comprise the Cincinnati Streetcar Development Partners.

Program Management, Planning, Finance, Design

Parsons Brinckerhoff, Inc. (PB) is responsible for management of the Streetcar Project during its planning, financing and design. Leading the team from PB's downtown Cincinnati office is Fred Craig, P.E., who will serve as the Program Manager. PB is an international leader in transportation (transit) planning, financing and design. The local office has supported the City on projects such as Fort Washington Way and its Transit Center, Charles P. Taft Government Square, SORTA Access Paratransit Facility, the I-71 Light Rail Study, and the Central Area Loop Study.

PB will be supported by **HDR Engineering**, a nationally recognized streetcar planning and design firm with a local office of nearly 60 professionals. HDR led the city's 2007 Streetcar Feasibility study. Their streetcar experience includes the reintroduction of streetcars in America in Portland, OR when Charlie Hales (HDR Senior VP) led the effort as a Portland City Commissioner.

Burgess & Niple, Ltd. will provide design assistance for utility relocation prior to construction of the rail and ballasting system.

DNK Architects will provide urban station design for the streetcar project. DNK has provided design on urban projects in downtown and the Uptown area. DNK provided design support for the Riverfront Transit Center and the Great American Ball Park.

G.J. Berding Inc. has provided construction survey support for many of the area's public and private improvements and will provide digital design support for the design and construction effort.

Wordsworth Communications, a regional public relations firm based in downtown Cincinnati, will develop and implement a collaborative strategy to engage the community. Wordsworth provides or has provided communications services to the City of Cincinnati (Duke Energy Convention Center groundbreaking, introduction of Vine Street Master Plan), Metro/SORTA, Downtown Cincinnati Inc., The Over-The-Rhine Chamber of Commerce, Tall Stacks, Findlay Market, the Art Academy of Cincinnati, the Uptown Consortium, University of Cincinnati and Cincinnati Children's Hospital Medical Center.

Financing

PNC Bank - Capital Markets Group is a wholly-owned member of the PNC Financial Services Group, one of the nation's largest financial services companies that have made significant commitments to Ohio. PNC has provided financing for more municipal projects in Ohio than any other investment bank. They will work with PB and HDR to develop a locally structured financial strategy.

Construction Team

Stacy and Witbeck Inc. is the premier streetcar and passenger transit rail construction company in the United States. The company is the west coast leader in the construction of light rail, cable car, trolley line and streetcar operations. SWI will serve as construction manager opening a new office in downtown and relocating executives to Cincinnati specifically for this project. The members of SWI are highly trained, experienced, and resourceful transit construction professionals with remarkable expertise in every project that they have undertaken. SWI are partnering with Ohio-based Kokosing Construction Company to provide local expertise.

RailWorks Corporation brings specialized rail and electrification experience and will provide design, construction, start-up and maintenance expertise to the team.

Megen Construction Company is a locally-based, award winning construction firm that has partnered with PB on projects including the Underground Railroad Freedom Center, the Great American Ballpark and Fountain Square. Megan will assist SWI.

Josten Concrete Construction and its subsidiary, **Brewster Pumping**, will join the streetcar team, bringing their expertise gained from building some of the city's best known structures, from projects at The University of Cincinnati to Cincinnati Children's Hospital Medical Center.